

# PEERS Benefit Check

Retired Members | OCTOBER 2016

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

## January 2017 COLA Set

### Contact Us

PO Box 268  
3210 W. Truman Blvd.  
Jefferson City, MO  
65102-0268  
Call Toll Free (800) 392-6848  
or (573) 634-5290

#### Email

[psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org)

#### Web

[www.psrs-peers.org](http://www.psrs-peers.org)

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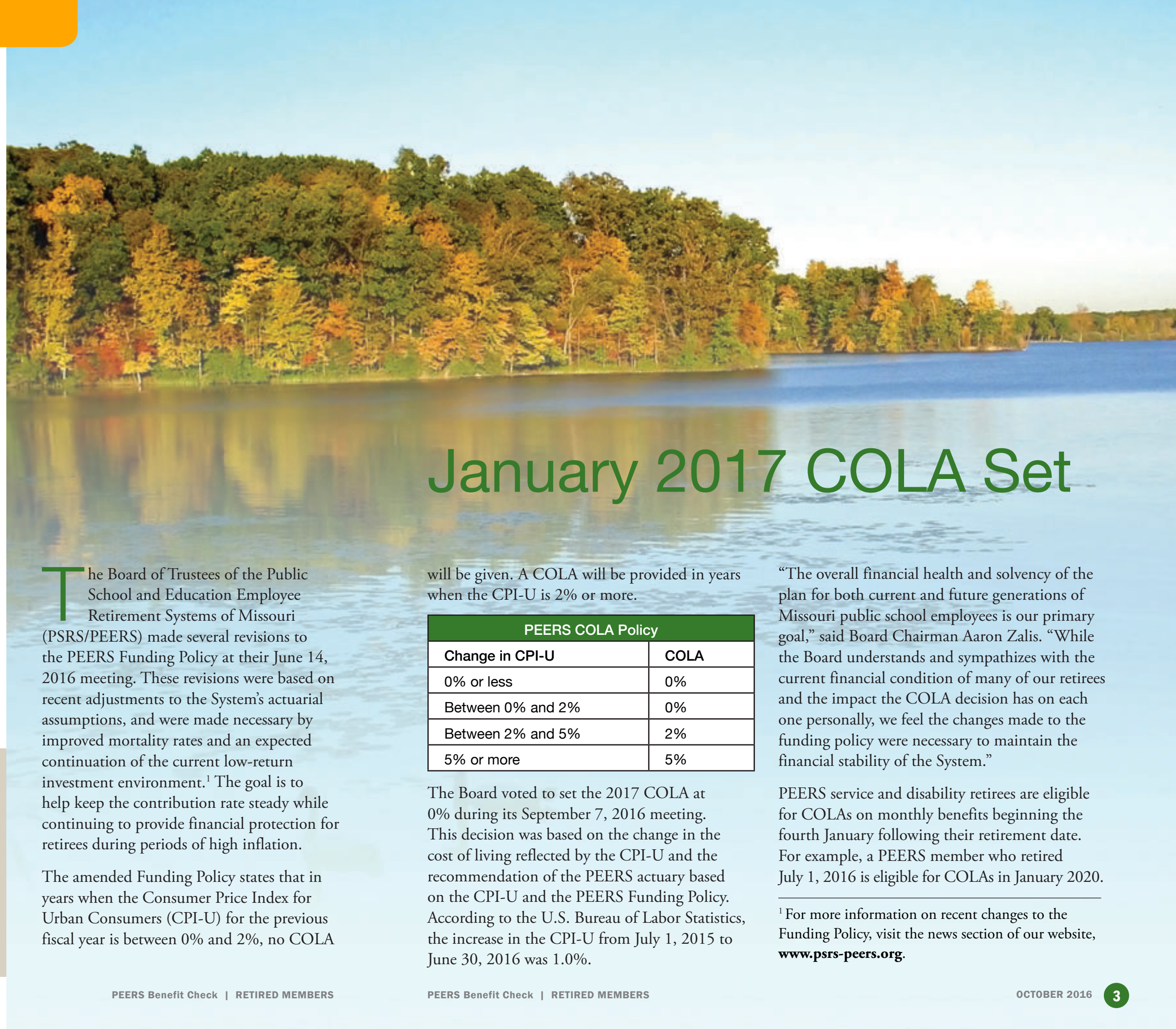
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## January 2017 COLA Set

The Board of Trustees of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) made several revisions to the PEERS Funding Policy at their June 14, 2016 meeting. These revisions were based on recent adjustments to the System's actuarial assumptions, and were made necessary by improved mortality rates and an expected continuation of the current low-return investment environment.<sup>1</sup> The goal is to help keep the contribution rate steady while continuing to provide financial protection for retirees during periods of high inflation.

The amended Funding Policy states that in years when the Consumer Price Index for Urban Consumers (CPI-U) for the previous fiscal year is between 0% and 2%, no COLA

will be given. A COLA will be provided in years when the CPI-U is 2% or more.

PEERS COLA Policy	
Change in CPI-U	COLA
0% or less	0%
Between 0% and 2%	0%
Between 2% and 5%	2%
5% or more	5%

The Board voted to set the 2017 COLA at 0% during its September 7, 2016 meeting. This decision was based on the change in the cost of living reflected by the CPI-U and the recommendation of the PEERS actuary based on the CPI-U and the PEERS Funding Policy. According to the U.S. Bureau of Labor Statistics, the increase in the CPI-U from July 1, 2015 to June 30, 2016 was 1.0%.

"The overall financial health and solvency of the plan for both current and future generations of Missouri public school employees is our primary goal," said Board Chairman Aaron Zalis. "While the Board understands and sympathizes with the current financial condition of many of our retirees and the impact the COLA decision has on each one personally, we feel the changes made to the funding policy were necessary to maintain the financial stability of the System."

PEERS service and disability retirees are eligible for COLAs on monthly benefits beginning the fourth January following their retirement date. For example, a PEERS member who retired July 1, 2016 is eligible for COLAs in January 2020.

<sup>1</sup> For more information on recent changes to the Funding Policy, visit the news section of our website, [www.psrs-peers.org](http://www.psrs-peers.org).

## Harris, Medin Appointed to PSRS/PEERS Board by Governor

On August 10, 2016, Governor Jay Nixon announced two new appointments to the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees. The governor has appointed Martha O. Harris and Ronald K. Medin, both of Jefferson City.



Martha O. Harris

Harris is a retired life sciences teacher with the Jefferson City Public School District. She currently is a training coordinator for The Callaway Bank in Fulton, and also serves on the bank's board. Harris received a bachelor's degree in secondary education from the University of Missouri and a master's degree in biology from the University of Illinois. Harris replaces Wayne Wheeler, who has served on the Board from 1996 to 2016, as both an elected and appointed trustee. Harris' appointed term ends June 30, 2021.



Ronald K. Medin

Medin is the general counsel and executive vice president of The Central Trust Bank/Central Banccompany Inc. His community involvement includes serving as a member of the city council of Jefferson City, as president of the Missouri River Regional Library Foundation and River City Habitat for Humanity. He is a graduate of the University of Missouri School of Law. Medin fills the vacant position on the Board. His appointed term ends June 30, 2017.



**“The Board, management team and staff at PSRS/PEERS welcome Ms. Harris and Mr. Medin, and look forward to their contributions as appointed members of the Board. We also thank Mr. Wheeler for his long-standing commitment and service to the educators and education employees of this state. Wayne is one of the finest Board members I have had the pleasure of working with during my career and he has served this Board with the highest of standards for the last 20 years.”**

Steve Yoakum, PSRS/PEERS executive director



Dr. Aaron Zalis, Board chair, concurred. “I look forward to working with both our new appointed trustees and the experience and background they bring to the Board. At the same time, I would like to recognize Mr. Wheeler for his dedicated service and wish him all the best in the future.”

Missouri law requires both Harris' and Medin's appointments to be approved or “confirmed” by the Missouri Senate. The Senate considers appointments only when it is in session, which is generally January through May, or when the governor calls a special session. Appointments made when the Senate is in recess are subject to confirmation when the Senate reconvenes, but the appointee may commence service immediately.

### About the PSRS/PEERS Board of Trustees

The seven-member Board of Trustees oversees the operation and administration of PSRS/PEERS. The function of the Board is to effectively collect contributions; prudently invest assets to obtain optimum returns; equitably provide benefits; and impartially and in accordance with applicable law administer the benefit programs.

The Board is made up of one elected Public Education Employee Retirement System of Missouri (PEERS) member, three elected Public School Retirement System of Missouri (PSRS) members and three appointed trustees.

- The four elected trustees are selected by vote of the members and retirees of both Systems. Two are elected each even-numbered calendar year to serve four-year terms.
- The three appointed trustees, one of whom must be a PEERS or PSRS retiree, are named by the governor.
- The appointed trustees must be residents of school districts included in the Retirement Systems, but not employees of such districts, or state employees or state elected officials.

The mix of PSRS, PEERS, active, retired and non-member, appointed trustees provides the Board's ability to make informed judgments and decisions that are in the best interest of the membership as a whole. Trustees don't vote based on their membership position, but rather as a representative of the entire membership.

Trustees serve without compensation, but are reimbursed for necessary expenses incurred through Board service.

### Role of the Board

Trustees are critical to the financial health and integrity of the Systems. Our Board members each have a fiduciary duty to adequately fund the Systems based on the advice of the Systems' actuary and with consultation and recommendations from management and staff.

The Board has the power to make rules and policies that guide the routine operation of the Systems. They also hear member and employer appeals with regard to actions taken by management and staff with which they disagree.

The many important actions taken by the Board each year include the setting of contribution rates, cost-of-living adjustments and interest rates; making ongoing improvements and adjustments to investment policy and asset allocation management and strategy; and taking positions on proposed legislation that would impact the Systems and their members.

## Watch Your Mail for Two Important Documents in January: Your PEERS Benefit Statement and your IRS 1099-R Tax Form

### Benefit Statement

In January, you will receive your annual **Benefit Statement**. The **Benefit Statement** is a comprehensive summary of your PEERS membership and your monthly benefit as of January 31, 2017. This important document is a record of your:

- Benefit amount
- Tax information and withholding amounts
- Benefit plan and benefit history
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

### IRS 1099-R Tax Form

Your 2016 IRS 1099-R Tax Form will also mail in January. You will need this form when filing your 2016 income tax returns.

Your annual 1099-R Tax Form shows the total funds you received from PEERS in calendar year 2016, the taxes withheld and the dollar amounts considered taxable income. If you have a professional tax advisor, we suggest that you make this information available for his or her review.



Your 2017 Benefit Statement and tax year 2016 IRS 1099-R Tax Form will be available in late January to view and print by logging in to your membership via Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org).

## Tax Time is Coming. Are You Eligible for the Missouri Public Pension Exemption?

For tax year 2016, married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000, may deduct up to 100% of their public retirement benefits, to the extent the amounts are included in their federal adjusted gross income.

- Married couples with Missouri adjusted gross income greater than \$100,000 and single individuals with Missouri adjusted gross income greater than \$85,000, may qualify for a partial exemption.
- There is no age requirement for eligibility.
- Visit [www.dor.mo.gov](http://www.dor.mo.gov) for more information regarding eligibility or contact the Missouri Department of Revenue at (573) 751-3505, email [income@dor.mo.gov](mailto:income@dor.mo.gov) or consult a tax professional for more information.

## Working at a Covered Employer After Retirement? PEERS Web Member Services Can Help You Track Your Work

All PEERS retirees working for covered employers on a part-time or temporary-substitute basis are required to maintain a record of the hours worked each month with each covered employer. Employers are also required to maintain such records and report the information to PEERS with each payroll.

Now you can view the hours reported by your employer by logging in to view your membership using PEERS Web Member Services at [www.psrs-peers.org](http://www.psrs-peers.org).

We encourage you to use this information to track your progress toward your hourly limit as reported by your employer. Keep in mind, there can be a delay between the time of your work and when your

employer submits payroll to PEERS, so you may have worked more hours than what is reported online.

It is important to check the information reported by your employer to make sure it agrees with your records. If your records don't agree, we consider the employer's records official. Staying informed about this information can help you avoid exceeding your limit and losing benefits.

We also recommend that you stay in contact with your employer and make sure you understand how they are tracking your work. If you have questions about tracking your hours, please contact your employer.

If you exceed your limit, the minimum you will forfeit is one full monthly benefit.





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PO BOX 268 JEFFERSON CITY MO 65102-0268

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## Omar Davis Named PSRS/PEERS Director of Employer Services



Omar Davis, of Columbia, MO, has been named director of employer services for the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) effective September 26, 2016. He replaces Jeff Russler, who recently retired.

“Omar brings experience and a proven track record with public pension systems that we are confident will make him an invaluable member of the PSRS/PEERS team,” said Steve Yoakum, executive director. “We are pleased to welcome him to the Retirement Systems.”

Most recently, Davis served as the investment legal and compliance counsel for the Missouri State

Employees’ Retirement System (MOSERS). Prior to that, he was general counsel at the MoDOT and Patrol Employees’ Retirement System (MPERS). In addition, he served as director of revenue at the Missouri Department of Revenue from 2007 to 2009 and was director of the Missouri Department of Labor and Industrial Relations from October to December 2007.

Davis holds a Juris Doctorate degree from the University of Missouri - Columbia School of Law and a Bachelor of Science degree in psychology from Kansas State University.

Learn more about the PSRS/PEERS management team on our website, [www.psrs-peers.org](http://www.psrs-peers.org).